
Introduced by Senator Escutia

February 20, 2003

An act relating to automobile sales financing.

LEGISLATIVE COUNSEL'S DIGEST

SB 508, as introduced, Escutia. Automobile sales financing.

Existing law regulates the terms and conditions of motor vehicle conditional sales contracts, as defined. Existing law requires these contracts to contain, among other items, a calculation of the finance charge and an itemization of the amount financed, which includes the amount of any administrative finance charge.

This bill would state the intent of the Legislature to require automobile dealerships to disclose the "buy rate," or minimum interest rate required for a particular transaction, which the finance company presents to the dealership, and any additional discretionary finance charge increases that are added to the "buy rate." The bill would also make a statement of legislative findings.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. (a) The Legislature finds and declares that
- 2 automobile buyers who apply for an automobile loan with the
- 3 dealership are subjected to interest rate increases beyond the rate
- 4 the dealership receives without any justification or explanation.
- 5 (b) It is the intent of the Legislature to do both of the following:

- 1 (1) Require automobile dealerships to disclose the “buy rate,”
- 2 or minimum interest rate required for a particular transaction,
- 3 which the finance company presents to the dealership.
- 4 (2) Require automobile dealerships to disclose any additional
- 5 discretionary finance charge increases that are added to the “buy
- 6 rate.”

